

Message Text

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42

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 PC-01 OMB-01 ACDA-05 IO-10 COME-00

EB-07 LAB-04 SIL-01 /089 W

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P 141636Z MAY 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 1174

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E. O. 11652: N/A

TAGS: EGEN, PINT, AR

SUBJECT: RUMORS OF GOMEZ MORALES' RESIGNATION

1. OVER LAST SEVERAL DAYS, PERSISTENT RUMORS CIRCULATING OVER NEW CABINET CRISIS INVOLVING POSSIBLE RESIGNATION ECONOMY MINISTER GOMEZ MORALES. RUMORS STARTED FOLLOWING MAY 8 CABINET MEETING WHERE GOMEZ MORALES ALLEGEDLY SUPPORTED FIXED 15 PERCENT MAXIMUM WAGE INCREASE IN CURRENT COLLECTIVE BARGAINING (PARITARIA) SESSIONS. GOMEZ MORALES HAS FLATLY DENIED TAKING THIS POSITION OR THAT HE INTENDS RESIGN. LABOR MINISTER OTERO CONTINUES REITERATE THAT GOA NOT SETTING A CEILING FOR WAGE INCREASES IN LABOR NEGOTIATIONS.

2. MAY 12, MRS. PERON MET WITH ECONOMY MINISTER GOMEZ MORALES, LABOR MINISTER OTERO, SOCIAL WELFARE MINISTER LOPEZ REGA, CGT LEADERS AND OTHER KEY PERSONNEL TO DISCUSS PARITARIAS. REPORTEDLY, GOMEZ MORALES REVIEWED ECONOMIC SITUATION WITH LABOR LEADERS AND EXPLAINED TO THEM KEY POINTS OF HIS ECONOMIC PLAN. TV ADDRESS BY ECONOMY MINISTER SCHEDULED FOR EVENING MAY 12 ABRUPTLY CANCELLED FOR UNEXPLAINED REASONS. MOST OBSERVERS BELIEVE SOME SORT OF "DEFINITION" OF PROBLEM LIKELY THIS WEEK AND THAT GOMEZ MORALES' SITUATION STILL QUITE TENUOUS. PERONIST

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SOURCES TOLD EMBOFF THAT IN MEETING MORNING OF MAY 13, MRS.

PERON REFUSED TO TAKE ANY POSITION, EITHER FOR OR AGAINST GOMEZ MORALES. HOWEVER, MATTERS REMAINED AT IMPASSE. ONE MEASURE WHICH GOMEZ MORALES IS INSISTING UPON IS THAT ALL GOVERNMENT FUNDS BE CENTRALLY ACCOUNTED FOR. LOPEZ REGA, HOWEVER, IS INSISTING THAT ONLY HE WILL ACCOUNT FOR AND HAVE CHARGE OF SOCIAL WELFARE FUNDS.

3. COMMENT: CURRENT CRISIS, CENTERING ON HANDLING OF PARITARIA NEGOTIATIONS, APPEAR FIRST MAJOR TEST TO DETERMINE IF GOVERNMENT WILLING TO SUPPORT GOMEZ MORALES AND HIS ECONOMIC PLAN. IF NOT, AS WE HAVE POINTED OUT PREVIOUSLY, ECONOMY MINISTER COULD WELL RESIGN. SOME SOURCES SPECULATE THAT IF GOMEZ MORALES RESIGNS, LOPEZ REGA WILL APPOINT CELESTINO RODRIGO, AN ENGINEER, IN HIS PLACE.
HILL

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Message Attributes

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Disposition Date: 28 MAY 2004
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Margaret P. Grafeld
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